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U.S. Department of Housing and Urban Development
Washington, D.C. 20410

Wise Home Buying

COMPLETED
ORIGINAL

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Shopping for a House

Deciding to Buy

A home purchase is the largest investment most families undertake.

When you settle in the community of your choice, you gain a stake in its future, its plans and problems. You will develop a sense of responsibility and pride in homeownership and, with your neighbors, will have a strong voice in determining the policies the community adopts and the direction it takes.

If you choose a home in the city, you'll enjoy close proximity to shopping areas and convenient transportation, but you may want to check on noise levels. Life in a quiet suburb offers lots of room in peaceful surroundings, but there may be limited transportation to shopping areas and schools. Take time to weigh all the possibilities before you reach a decision to purchase a home in a particular location.

Homeownership involves practical benefits. You can deduct interest paid on a mortgage loan from your income when you pay Federal income taxes. This also is true of taxes paid on the property. These advantages give the home buyer a good inflation hedge.

If properly and cautiously handled, the home buying process can be a pleasant experience resulting in a lifetime of genuine satisfaction. If your purchase is made in a hasty and unbusinesslike manner, the result may be a regrettable or even a disastrous financial error.

Are you Ready to Buy

There are some key questions to ask when making up your mind about buying a house. To make a realistic choice you must determine how much you can spend on the property, based on your income and family expenses.

First, you must decide whether you are likely to live in the home for several years. In the early life of a mortgage, the bulk of your mortgage payment goes to interest and you are acquiring very little equity. The longer you hold the property, the more equity you acquire.

Perhaps your next consideration is the matter of paying for a new home. Here are two ways many people use to estimate ability to meet house payments.

1. The price of the home generally should not exceed two times your annual family income

2. A homeowner usually should not pay more than 38 percent of income after Federal tax for monthly housing expense (payment on the mortgage loan plus average cost of heat, utilities, repair and maintenance).

The buyer should have the cash necessary to meet the downpayment and other expenses at closing time, when the sale is completed. Ask your real estate sales person or lender to provide an estimate of all closing costs you will need at the time of settlement. Quite often the expenses are more than a new home purchaser expects. Congress passed the Real Estate Settlement Procedures Act (RESPA) to protect homebuyers from unnecessarily high settlement costs. It requires advance estimates of settlement costs, limits the size of escrow accounts and prohibits referral fees and kickbacks.

RESPA requires that all borrowers of federally related mortgage loans receive from the lender a HUD prepared booklet containing information about real estate transactions, settlement services, cost comparisons and relevant consumer protection laws when applying for a loan.

One day before the settlement, the borrower may request that the person who will conduct the settlement provide information on the known actual settlement costs. At settlement, both the buyer and seller are entitled to a statement itemizing the costs they paid in connection with the transaction.

RESPA applies to all lenders and persons conducting settlement of federally related home mortgages.

RESPA prohibits certain abusive practices: kickbacks and referral fees are outlawed; sellers may not designate borrowers' title insurance companies; and excessively large escrow accounts cannot

be established or maintained. If you feel a provider of settlement services has violated RESPA, you can address your complaint to the agency or association which has supervisory responsibility over the provider. For the names of such agencies or associations, you will have to check with local and State Governments or consumer agencies operating in your area. You are also encouraged to forward a copy of complaints regarding RESPA violations to the HUD Office of Single Family Housing, which has the primary responsibility for administering the RESPA program. Your complaints can lay the foundation for future legislative or administrative actions.

Send copies of complaints, and inquiries, to:

U.S. Department of Housing and Urban Development
Office of Single Family Housing
451 7th Street S.W.
Washington, D.C. 20410

How to Find the Right House

There are various ways to shop for the house that is right for your family. Houses are sold chiefly through real estate advertising and real estate brokers. Sometimes they can be purchased directly from the owners.

Read the advertisements in real estate sections of local newspapers.

Tell your friends and neighbors that you are house hunting. Then take your time in shopping the market. Don't quit until you have a clear idea of the cost and quality of homes currently offered for sale.

Take a Sunday afternoon drive or walk through neighborhoods you find attractive. You may locate houses that are offered for sale and model homes on display.

Don't trust to memory when you find an appealing house, but keep a record listing the asking price, owner's name, location, number of bedrooms, taxes, heating bills, and any special features.

An inexpensive notebook is all you need to avoid ending your search with a blurred impression of houses and neighborhoods you've seen.

What Real Estate Brokers Do

Many homeseekers ask, "Should I use the services of a real estate broker?"

In most cases using a real estate broker will be to your advantage. A good real estate broker provides a clearing center for marketable houses and his screening process will save you many a wild goose chase.

Multiple listing services offered by a broker will give a better understanding of housing areas and price ranges.

A good broker will give you general information about a community and specific information about schools, churches and stores. He may be able to help you get financing and may know how to eliminate much red tape.

The broker's commission is usually 6-7 percent of the sales price but may range up to 10 percent. This commission is paid by the party or parties who engage the broker, usually the seller of the house.

To find a good real estate broker, ask your friends or call the mortgage officers of local banks and savings-and-loan associations. Notice which brokers run the most newspaper advertisements for houses in the neighborhoods you prefer. Often brokers will specilize in a particular neighborhood.

One bit of cautious advice: do no rely too heavily on oral promises or agreements. Remember, the broker is usually working principally for a seller, not a buyer

New House or Used

Statistics show that two out of every three buyers select a used house. The one person out of three who buys a new house is likely to purchase one that is already built rather than to build his own house or have one built. This is a choice each home buyer must make for himself. Usually one of the biggest advantages that an older house offers is more space for the money. The lot may have been

planted with trees and shrubs by previous owners and therfore presents relatively few landscaping problems. In an established neighborhood taxes are usually stable. And, don't fail to weigh the possibility of shorter commuting times and distances from older neighborhood to schools, offices and other frequent distinations. Future road construction also could affect the value of a home, so you may wish to check plans for construction with local authorities.

Before purchasing a house in an older neighborhood, be sure that you check on any future plans for neighborhood improvement, urban renewal or land appropriation for new highways or other projects.

Many older homes have ample bedroom space and this is an important factor in choosing a house. Observe how the floor space has been used by the builder. Most buyers will prefer a house containing fewer rooms that are spacious and livable to a house with a larger number of small cell-like rooms.

Once you've found a house you like, evaluate it carefully. You are buying the property "as is" and you must literally live in as well as with your mistakes.

Inspecting Your Selection

An Older Home

What first appears to be a bargin home may turn out to be a headache. A thorough inspection may reveal hidden defects and obvious remodeling needs.

Few people make a full-time business of checking house construction. If you have doubts about the soundness of the house you have selected, obtain an expert appraisal of the property to establish its value and point out deficiencies. In many cities there are reputable inspection firms that will examine the home and give you a detailed report. The $50 or $100 fee may be well spent. Some buyers face the expense of replacing basic equipment within the first year of ownership. If you have doubts about the wiring, plumbing or heating plant, the owner may permit you to have it checked by an expert.

If the plumbing system includes a septic tank, an expert should check the equipment before you purchase.

The age of a house should not necessarily limit your choice. While older homes may require work, many have received excellent care from previous, long-term owners and will compare favorably with new structures.

If you must call in experts, first check their reputations and beware of unscrupulous operators who may justify their fee by exaggerating flaws, which they may want to repair at inflated costs.

If it appears that repairs and improvements are needed, be sure to secure estimates in advance of the cost of the work and find out who will pay for it – you or the seller.

Older houses deserve special attention in nine areas before a prospective buyer signs on the dotted line. So check these items carefully.

1. Termite infestation and wood rot. The importance of a check by a termite specialist cannot be overemphasized, particularly in those areas of the country that have a history of infestation. It is generally

wise to include a termite clause in the contract which gives certification of termite inspection and guarantee.

2. Structural failure – examine the construction for a sagging roof, cracked walls or slabs, uneven floors or other evidence of supporting soil of poor bearing capacity or inadequate structural members of fastenings.

3. Inadequate wiring. Be sure that there is sufficient amperage and enough electric outlets. Request inspection by the local government for code compliance to make sure the wiring is not dilapidated, exposed and dangerous.

4. Run-down heating plant. Check the general condition of the heating system. What kind of repairs are needed and how long will the system last?

5. Inadequate insulation. Ask if the attic and the space between interior and exterior walls has been filled with an insulating material. What material was used and how was it installed?

6. Faulty plumbing. Choose a home that is connected to a public sewer system in preference to one served by a septic tank or a cesspool. Check with the plumber who last serviced the house to determine condition of the plumbing and ask him to test for water pressure.

7. Hot-water heater. Check the type and capacity of the tank to determine if there will be sufficient hot water for family needs. Look for any signs of rust or leaks. Obtain any guarantee held by the present owner, if it is still in effect.

8. Roof and gutters. What kind of roofing material was used and how old is it? Check inside the attic for water stains and discolorations. Ask the owner for a gurantee if one exists.

9. Wet basements. A basement that looks dry in summer may be four inches under water in the spring. Are there signs around the foundation walls of water penetration?

Inadequacies in the above items can and should reduce the price of the house.

Examine the conditions of the outside paint and the paint and wall paper inside the house. Be sure all windows and doors operate and are in repair. If there is a fireplace it should have a workable damper. Inspect floor and wall tile and fixtures in the bathroom. Determine if the attic has sufficient storage area.

Remember, there is no perfect house. Just be sure you know in advance the shortcomings of the house you are buying. Don't wait to be shocked after you move in.

A New House

If, after weighing all the factors, you decide that a new home will best meet your needs, make certain that you make the best buy by following these helpful rules.

The reliability of the builder is an important consideration in choosing a new home. A reputable builder is in business for life. Arrange to talk with people who are living in houses constructed by the builder you are considering. When you've decided on the builder, consider these points:

1. Don't be overwhelmed by the appearance of a glittering model home. Pin down exactly which features are provided with your new house and which are "extras" displayed in the model.

2. Be sure the contract is complete and that there is agreement on all the details of the transactions. Don't assume an item is included and later discover you've misunderstood.

3. If the community is to have new street paving, water and sewer lines and sidewalks, make sure you know whether you or the builder will assume the costs. Find out about charges for water and trash collection.

4. Check the lot site in advance. Is it the size and setting you want for your home? After the bulldozer has arrive it may be too late.

5. Don't take anyone else's word about the zoning uses permitted for the area in which you plan to buy a home. The neighborhood may be strictly residential or zoned for certain commercial uses. This information could affect future property values. The city, county, or township clerk's office can tell you where to inquire about zoning.

6. The contract with the builder should set forth the total sales price. If possible, try to locate a lender who will allow you to take advantage of lower interest rates which may apply at the time of closing. In any event, avoid an arrangement which would allow the lender to increase the mortgage interest rate if market conditions change between the date of mortgage commitment and the closing date.

7. Be sure your contract with the builder definitely stipulates the completion date of your new house.

8. Don't be afraid to check construction progress regularly while the house is being built.

9. Any extra features that are to be included in the finished house should be described in writing.

10. The day before you take title to the house (closing day) make a thorough inspection trip. Check all equipment, windows and doors. This is your last chance to request changes.

11. Insist on these papers when you take possession: (a) warranties from all manufacturers for equipment in the house; (b) certificate of occupancy and (c) certificates from the Health Department clearing plumbing and sewer installations. It would also be best to obtain all applicable certificates of code compliance.

There are a number of ways to finance the purchase of a home. One, of course, is payment of the whole price in cash, but most people purchase by obtaining a long-term mortgage loan requiring a down-payment usually 5 to 10 percent of the price, followed by monthly mortgage payments of principal, interest, taxes and property insurance.

Also, you may assume and agree to pay the remaining mortgage debt on an existing house. This method has several advantages. The closing cost will be considerably lower, the interest rate on the old mortgage may be lower than the current rate for a new mortgage, and the transaction can be closed faster.

When placing a sales contract on a home, the buyer is usually required to deposit a nominal sum as earnest money. The house is then taken off the selling market until approved financing can be arranged. This earnest money deposit is forfeited to the seller if the purchaser defaults in carrying out the contract.

When a home purchase is financed through a mortgage loan, the title is passed to the buyer upon closing the sale, but is subject to payments on the mortgage. Failure to make monthly payments when due may result in the lender taking title to the property through legal means, such as foreclosure of the mortgage.

How to Shop for Mortgage Money

In very simple terms a mortgage loan is a special loan for purchasing a piece of property. The lender supplies cash to buy the house. The borrower (mortgagor) signs a legal document which obligates and binds him to repay the lender (mortgagee) regular payments, including interest for a specified number of years. The house and lot are pledged as security and the borrower promises to pay the taxes, keep the house insured and maintain the property in good condition. If the borrower fails to make payments (defaults), the lender has the legal right to take over the property and the borrower may lose any equity he has acquired.

In recent years major changes in home financing have introduced several alternative mortgage instruments. Although the traditional

fixed-rate mortgage remains very popular, Graduated Payment Mortgages (GPM), Growing Equity Mortgages (GEM), and Adjustable Rate Mortgages (ARM), are gaining wide acceptance.

When selecting a mortgage be sure you understand the terms of your mortgage loan. Will your monthly payment change? If it does change, is it according to a predetermined schedule or are changes dependent upon a certain index?

Find out how often the monthly payments can change and whether or not there is a maximum amount it can be increased or decreased. You should understand what effect the changes in monthly payments might have on the mortgage amount you are obligated to repay.

Sometimes the seller of the house will offer to provide financing by holding or "taking back" a mortgage. In such a situation, the term of the mortgage is often less than the amortization period, requiring you to obtain financing to pay the seller when the note is due.

You may ask, "How and where do I obtain a mortgage loan?"

Mortgage loans are obtained from savings banks, commercial banks, savings-and-loan associations, mortgage bankers, insurance companies and relatives. Shop around, compare and find where you can secure a mortgage loan on the best terms for your financial condition.

You will find the banking and savings-and-loan institutions ready to work with you. This is their business. Local mortgage-brokers and insurance company offices are also possibilities.

But, if you contact your relatives be sure to keep the deal on a firm business basis. It is important that you leave nothing to verbal agreement. The fine print is just as important in dealing with a relative or friend as in dealing with a stranger or a large, impersonal firm.

Each of the mortgage sources mentioned may provide a conventional mortgage loan, or one insured by HUD or guaranteed by the Veterans Administration, if you are an eligible veteran.

Federally Insured Mortgage Loans

In some instances a conventional mortgage may be best for you. This may be true if you are able to make a fairly sizable downpayment. On the other hand, HUD-insured financing generally enables the borrower to make a smaller downpayment and, frequently, to make lower monthly payments.

If, after consideration, you decide to apply for a mortgage loan insured by the Department of Housing and Urban Development there are certain things you should know about HUD and its method of doing business.

The U.S. Department of Housing and Urban Development supports financing for home building, purchase and improvement.

Under HUD a homebuyer makes a designated downpayment and obtains a mortgage loan for the balance of the purchase price. The mortgage loan is made by a bank, savings-and-loan association, mortgage banker, insurance company or other HUD-approved lender and is insured by HUD. It is important to note that HUD does not lend money or build homes. It does insure mortgages.

HUD mortgage insurance is a contractual arrangement between the mortgage lender which provides that, should the lender convey the property or assign the mortgage to HUD in accordance with specific requirements, HUD will honor the lender's claim for insurance benefits. HUD mortgage insurance will not pay off a loan on behalf of a borrower in the event of his death.

The cost of the mortgage insurance is paid by the borrower. For most of the HUD programs, the borrower is required to pay a single mortgage insurance premium when the loan is closed. This premium can be paid in cash or financed in the mortgage. A few of the HUD programs require the premium to be collected on a monthly basis as part of the regular payments to the lender. The premium is one-half of one percent of the unpaid principal balance.

A borrower must have an acceptable credit record, the cash needed at the closing of the mortgage agreement and enough income to

make the monthly payments without difficulty, in addition to the income required for recurring bills and other family needs.

The house must meet HUD's applicable property standards. These standards can be checked at your local field office.

The loan application is made to any lender that HUD has approved to make insured mortgage loans. The property is appraised to determine the amount of mortgage loan which HUD will insure.

If the lender is willing to make the loan, he provides the proper forms and helps the purchaser complete them. The lender forwards these papers to the HUD field office serving the area where the property is located. HUD reviews the borrower's credit history to judge whether the loan would be a reasonable debt for him to assume. If HUD approved the application, the lender arranges with the borrower to close the loan. The borrower deals directly with the lender. The lender handles the transaction with HUD. Certain lenders are eligible to process the loan and determine borrower eligibility without prior HUD approval.

Many people believe that when a property has been appraised and inspected for HUD, that the property is warranted against latent defects. This is not true. The appraisal is made solely to determine the maximum amount of mortgage HUD would be willing to insure for an acceptable buyer. HUD does not warrant the house being purchased. If the house is new, HUD requires the builder to warrant that it conforms substantially to the plans and specifications on which HUD based its appraisal.

HUD does not approve or disapprove a house in the sense that the design and construction get a stamp of approval. Some builders advertise "FHA Approval" to imply that their houses are superior. This is false advertising and could result in a criminal charge.

In some cases involving one- to four-family dwellings constructed under HUD inspection, the HUD Secretary may authorize payment to (1) correct the structural defect, (2) reimburse the owner's claims arising from the defect, or (3) to acquire the property. This will be done only if the owner asks for aid not later than four years after the mort-

gage is issued and if the mortgage was insured by HUD after September 2, 1964.

The Buyer's Obligation

The homebuyer who contracts for a loan obligates himself to make monthly payments on time. Like other debts, he is required to meet these payments whether or not he likes certain features of the home. If the home is new, he can contact the builder to remedy defects reasonably soon after occupancy.

In addition, the buyer is obligated to maintain the property satisfactorily. Usually, there is a clause in the mortgage under which the buyer agrees to perform proper maintenance and it is in the buyer's own interest to do this. Some mortgages provide that the holder of the mortgage can have repairs made and add the expense to the mortgage debt if a great deal of deterioration occurs through lack of good maintenance.

Know What You're Signing

It would be to your advantage to have the advice of a qualified real estate attorney before you sign any documents, especially the sales contract. You may also want this attorney to represent you at the closing. Choose an attorney who specializes in the field of real estate. Many good lawyers are not real estate experts and one who is experienced in these matters may save you money and problems in years to come. You will be responsible for paying his fee.

Be sure there is a builder's guarantee and that you know the exact dimensions of your lot. A copy of a recent survey is often provided at the closing. However, you may be responsible for paying for this survey.

Find out what the taxes will be on the property and review the facts about your financial obligation. After purchase, make sure the payments are made promptly each month.

Beware of fraud. Make sure your title of ownership is clear and that there are no liens or claims against the property. It is a good idea to purchase a title insurance policy insuring you against defects in the chain of title.

When you become the owner of a used or new home, you agree in your mortgage to keep the property in good condition. This is only common sense. Why sacrifice to buy an expensive house and then allow it to lose value through your neglect? Regularly put aside an amount for annual upkeep, allowing for the fact that maintenance costs will vary from year to year.

A house is a complicated mechanism and you can't expect to know how to keep everything in good working order. If you are handy with tools, you may be able to do some of the repair and improvement work. But don't tamper with expensive equipment and appliances unless you are sure that you know what you are doing. You may void the warranty on such equipment if you attempt to do repairs yourself. When the plumbing, electric, or heating system needs more than minor repairs, it's time to call in an expert.

Keep all the guarantees, service agreements, and instructions that come with your various appliances in one safe place. Read the instructions carefully before you operate any appliance. If anything goes wrong that you cannot correct, call the local utility company or the servicing agent.

Financing Rehabilitation

If you decide to buy an older house that needs repairs, it may be possible for you to buy and renovate the house by obtaining a HUD insured mortgage loan in an amount that will include the necessary repairs. The HUD commitment will be based on the value of the house as improved.

Money Troubles

If you encounter temporary financial problems that will prevent prompt payment on your mortgage, inform your lender immediately. Don't delay. Often, if your payment record is a good one, an arrangement can be worked out to help you through your difficulties. If your lender will not offer you assistance, contact the nearest HUD field office. They may be able to help.

Don't forget that once the closing has taken place you must continue to make payments according to the terms of the mortgage, no matter

what defects you find in the house or who is legally responsible for correcting them.

Fair Housing and Equal Opportunity

The Fair Housing law, Title VIII of the Civil Rights Act of 1968, prohibits discrimination on the basis of race, color, religion, sex or national origin. It is unlawful to refuse to sell or rent, to deal or negotiate with any person; discriminate in terms or conditions for buying or renting housing; discriminate by advertising that housing is available only to persons of a certain race, color, religion, sex or national origin; deny that housing is available for inspection, sale or rent when it really is available; engage in "blockbusting" for profit, persuading owners to sell or rent housing by telling them that minority groups are moving into the neighborhoods; deny or make different terms or conditions for home loans by commercial lenders, such as banks, savings and loan associations and insurance companies; deny to anyone the use of or participation in any real estate services, such as brokers' organizations, multiple listing services or other facilities related to the selling or renting of housing.

Discrimination on the basis of race, sex, color, religion and national origin are expressly prohibited by law. Forbidden practices include discrimination in the sale or rental of housing or residential lots, in advertising the sale or rental of housing, in the financing of housing and in the provision of real estate brokerage services.

Those who believe that such discrimination has occurred have a choice of remedies, including filing a civil action in Federal court (or in some cases State courts), or complaining to the Department of Housing and Urban Development.

Complaints can be sent to:

Department of Housing and Urban Development
Office of Fair Housing and Equal Opportunity
c/o the nearest HUD Regional Office
(see listing in the back for addresses)

Complaints can also be reported on the HUD Housing Discrimination Hotline. The toll-free number is 800-424-8590.

Glossary

What Those Words Mean

Abstract A summary of the history of the legal title to a piece of property.

Amortization Provision for gradually paying off the principal amount of a loan, such as a mortgage loan, at the time of each payment of interest. For example, as each payment toward principal is made, the mortgage amount is reduced or amortized by that amount.

Appraisal An evaluation of the property to determine its value. An appraisal is concerned chiefly with market value – what the house would sell for in the market place.

Binder or "Offer to Purchase" A receipt for money paid to secure the right to purchase real estate upon agreed terms.

Certificate of Title Like a car title, this is the paper that signifies ownership of a house. It usally contains a legal description of the house and its land.

Closing Costs Sometimes called settlement costs. Costs in addition to price of house, including mortgage service charges, title search and insurance, and transfer of ownership charges. Be sure your sales contract clearly states who will pay each of these costs – buyer or seller.

Closing Day The date on which the title for property passes from the seller to the buyer and/or the date on which the borrower signs the mortgage.

Condominium Individual ownership of a dwelling unit and an undivided interest in the common areas and facilities which serve the multi-unit project.

Cooperative Housing An apartment building or a group of dwellings owned by residents and operated for their benefit by their elected board of directors. The resident occupies but does not own his unit. Rather, he owns a share of stock in the total enterprise.

Depreciation A decline in the value of a house as the result of wear

and tear, adverse changes in the neighborhood and its patterns or for any other reason.

Earnest Money The deposit given to the seller by the potential buyer to show that he is serious about buying the house. If the deal goes through, the earnest money is applied against the downpayment. If the deal does not go through it may be forfeited.

Easement Rights A right of way granted to a person or company authorizing access to or over the owner's land. Electric companies often have easement rights across your property.

Equity A buyer's initial and increasing ownership rights in a house as he pays off the mortgage. When the mortgage is fully paid off the buyer has 100 percent equity in the house.

Escrow Funds Money, or papers representing financial transactions, which are given to a third party to hold until all conditions in a contract are fulfilled.

HUD Approval There is no such thing as a HUD or FHA-approved house. If a builder advertises "FHA Approval" he is misleading you at worst and at best, stating his belief that his house will meet standards for a HUD-insured mortgage.

Hazard Insurance Insurance to protect against damages caused to property by fire, windstorm and other common hazards.

Home Mortgage Loan A special kind of long-term loan for buying a house. There are three kinds of mortgage financing for single-family homes in the United States – the conventional mortgage; the VA (Veterans Administration), sometimes called the GI mortgage; and the HUD-insured loan.

Mortgage Commitment The written notice from the bank or other lender saying that it will advance you the mortgage funds in a specified amount to enable you to buy the house.

Mortgage Discount "Points" Discounts (points) are a one-time charge assessed by a lending institution to increase the yield from the

mortgage loan to a competitive position with the yield from other types of investments.

Mortgage Insurance Premium The payment made by a borrower to help defray the cost of mortgage insurance. It is paid to the mortgage insurer, either HUD or a private mortgage insurer. The premium provides a reserve fund to protect lenders against losses on insured mortgage transactions. In the case of a HUD insured mortgage, the mortgage insurance premium may be a one time payment when the loan is closed, or it may be collected on a monthly basis.

Mortgagor The homeowner who is obligated to repay a mortgage loan on a property he has purchased.

Mortgagee The bank or lender who loans the money to the mortgagor.

Prepaid Expenses The initial deposit at time of closing, for taxes and hazard insurance and the subsequent monthly deposits made to the lender for that purpose.

Repair and Maintenance The costs incurred in replacing damaged items or maintaining household systems to prevent damage.

Special Assessment A tax for a specific purpose such as providing paved streets or new sewers. People whose properties abut the improved streets or tie into the new sewer system must pay the tax.

Title The evidence of a person's legal right to possession of property, normally in the form of a deed.

Title Company A company that specializes in insuring title to property.

Title Insurance Special insurance which usually protects lenders against loss of their interest in property due to unforeseen occurrences that might be traced to legal flaws in previous ownerships. An owner can protect his interest by purchasing separate coverage.

Title Search or Examination A check of the title records, generally at the local courthouse, to make sure you are buying the house from the legal owner and that there ar no liens, overdue special assessments, or other claims or outstanding restrictive convenants filed in the record.

Field Office Jurisdictions of HUD

Region I

Regional Administrator
Rm. 800, John F. Kennedy
Federal Building
Boston, Massachusetts 02203-0801

Connecticut, Hartford 06106-1860
330 Main Street
First Floor

Maine, Bangor 04401-1357
U.S. Federal and Post Office Building
202 Harlow Street

Massachusetts, Boston 02114-2598
Bulfinch Building
15 New Chardon Street

New Hampshire, Manchester 03101-2487
Norris Cotton Federal Building
275 Chestnut Street

Rhode Island, Providence 02903-1785
Rm. 330 John O. Pastore
Federal Building, U.S. Post Office
Kennedy Plaza

Vermont, Burlington 05401-8420
110 Main Street
Fairchild Square

Region II

Regional Administrator
26 Federal Plaza
New York, New York 10278-0068

New Jersey, Camden 08103-9998
The Parkade Building,
519 Federal Street

New Jersey, Newark 07102-5504
Military Park Building
60 Park Place

New York, Albany 12207-2395
Leo W. O'Brien Federal Building
North Pearl Street and Clinton Avenue

New York, Buffalo 14202-2986
Suite 800, Statler Building
107 Delaware Avenue

New York, New York 10278-0068
26 Federal Plaza

Caribbean Office

Puerto Rico, San Juan
Federico Degetau Federal Building
U.S. Courthouse
Room 428 Carlos E. Chardon Avenue
Hato Rey, Puerto Rico 00918-2276

Region III

Regional Administrator
Liberty Square Building
105 S. 7th Street
Philadelphia, Pennsylvania 19106-3392

District of Columbia
Washington 20410-5500
HUD Building
451 7th Street, Room 3156

Maryland, Baltimore 21202-1865
Equitable Building
10 North Calvert Street

Pennsylvania, Philadelphia 19106-3392
Curtis Building
625 Walnut Street

Pennsylvania, Pittsburgh 15219-1906
412 Old Post Office Courthouse Bldg.
7 and Grant Streets

Virginia, Richmond 23219-2591
701 East Franklin Street

West Virginia, Charleston 25301-1795
405 Capitol Street
Suite 708

Delaware, Wilmington 19801-1387
IBM Building
800 Delaware Avenue
Room 101

Region IV

Regional Administrator
Richard B. Russell Federal Building
75 Spring Street, SW
Atlanta, Georgia 30303-3109

Alabama, Birmingham 35233-2096
Daniel Building
15 South 20th Street

Florida, Jacksonville 32202-4303
325 West Adams Street

Florida, Coral Gables 33145-2911
1320 South Dixie Highway

Florida, Orlando 32801-2226
Federal Office Building
80 North Hughey

Florida, Tampa 33601-4017
700 Twiggs Street
Post Office Box 2097

Georgia, Atlanta 30303-3109
Richard B. Russell Federal Building
75 Spring Street, SW

Kentucky, Louisville 40201-1044
601 W. Broadway
Post Office Box 1044

Mississippi, Jackson 39269-1016
Federal Building, Suite 1096
100 Capitol Street

North Carolina, Greensboro 27401-2107
415 North Edgeworth Street

South Carolina, Columbia 29201-2480
Strom Thurmond Federal Building
1835-45 Assembly Street

Tennessee, Knoxville 37919-4090
One Northshore Building
1111 Northshore Drive

Tennessee, Memphis 38103-5080
100 North Main Street, 28th Floor

Tennessee, Nashville 37239-1600
One Commerce Place
Suite 1600

Region V

Regional Administrator
300 South Wacker Drive
Chicago, Illinois 60606-6765

Illinois, Chicago 60606-5760
547 West Jackson Blvd.

Illinois, Springfield 62701-1774
Lincoln Tower Plaza
524 South Second Street

Indiana, Indianapolis 46204-2526
151 North Delaware Street

Michigan, Grand Rapids 49505-3409
Northbrook Building Number II
2922 Fuller Avenue, NE

Michigan, Flint 48502-1953
Gil Sabuco Building
352 South Saginaw Street
Room 200

Michigan, Detroit 48226-2592
Patrick V. McNamara Federal Building
477 Michigan Avenue

Minnesota, Minneapolis-St. Paul 55401-2195
220 South Second Street
Bridge Place Bldg.

Ohio, Columbus 43215-2499
New Federal Building
200 North High Street

Ohio, Cincinnati 45202-3253
Federal Office Building
550 Main Street, Room 9002

Ohio, Cleveland 44114-1832
One Playhouse Square
1375 Euclid Avenue, Room 420

Wisconsin, Milwaukee 53203-2290
Henry S. Reuss Federal Plaza
310 West Wisconsin Avenue, Suite 1380

Region VI

Regional Administrator
1600 Throckmorton
Post Office Box 2905
Fort Worth, Texas 76113-2905

Arkansas, Little Rock 72201-3523
320 West Capitol
Suite 700

Louisiana, New Orleans 70172-0288
P.O. Box 70288
1661 Canal Street

Louisiana, Shreveport 71101-3077
New Federal Building
500 Fannin Street

New Mexico, Albuquerque 87110-6443
625 Truman Street, NE

Oklahoma, Oklahoma City 73102-3202
Murrah Federal Building
200 N.W. 5th Street

Oklahoma, Tulsa 74127-8923
Robert S Kerr Building
440 South Houston Avenue

Texas, Dallas 75207-5007
555 Griffin Square Office Building
525 Griffin Street, Room 106

Texas, San Antonio 78285-3301
Washington Square
800 Dolorosa
Post Office Box 9163

Texas, Fort Worth 76113-2905
221 W. Lancaster Avenue
P.O. Box 2905

Texas, Houston 77098-4096
National Bank of Texas Building
2211 Norfolk, Suite 300

Texas, Lubbock 79401-4001
Federal Office Building
1205 Texas Avenue

Region VII

Regional Administrator
Professional Building
1103 Grand Avenue
Kansas City, Missouri 64106-2496

Iowa, Des Moines 50309-2155
Room 259 Federal Building
210 Walnut Street

Kansas, Topeka 66683-3588
444 S.E. Quincy Street, Room 297

Missouri, Kansas City 64106-2496
Professional Building
1103 Grand Avenue

Missouri, St. Louis 63101-1997
210 North Tucker Boulevard

Nebraska, Omaha 68102-1622
Braiker/Brandeis Building
210 South 16th Street

Region VIII

Regional Administrator
Executive Tower Building
1405 Curtis Street
Denver, Colorado 80202-2349

Colorado, Denver 80202-2349
Executive Tower
1405 Curtis Street

Montana, Helena 59626-0095
Federal Office Building Drawer 10095
301 S. Park, Room 340

Utah, Salt Lake City 84111-2321
324 South State Street, Suite 220

North Dakota, Fargo 58108-2483
Federal Building
653 2nd Avenue North
Post Office Box 2483

South Dakota, Sioux Falls 57102-0983
Courthouse Plaza
300 N. Dakota Avenue, Suite 108

Wyoming, Casper 82602-1918
4225 Federal Office Building
100 East B Street
Post Office Box 580

Region IX

Regional Administrator
450 Golden Gate Avenue
Post Office Box 36003
San Francisco, California 94102-3448

Arizona, Phoenix 85002-3468
One North First Street, 3rd Floor
Post Office Box 13468

Arizona, Tucson 86701-1467
Pioneer Plaza
100 North Stone Avenue
Suite 410

California, Los Angeles 90015-3801
1615 W. Olympic Boulevard

California, San Francisco 94111-5494
1 Embarcadero Center
Suite 1600

California, Fresno 93710-8193
1630 E. Shaw Avenue, Suite 138

California, Sacramento 95809-1978
77.' 12th Street, Suite 200

California, San Diego 92188-0100
880 Front Street, Room 553

California, Santa Ana 92712-2850
34 Civic Center Plaza
Box 12850

Hawaii, Honolulu 96850-4991
300 Ala Moana Boulevard
Room 3318

Nevada, Reno 89505-4700
1050 Bible Way
Post Office Box 4700

Nevada, Las Vegas 89101-6930
720 South 7th Street

Region X

Regional Administrator
Arcade Plaza Building
1321 Second Avenue
Seattle, Washington 98101-2054

Alaska, Anchorage 99513-0001
701 C St.
Module G Box 64

Oregon, Portland 97204-1596
520 Southwest 6th Avenue

Washington, Seattle 98101-2054
Arcade Plaza Building
1321 Second Avenue

Idaho, Boise 83724-0420
Box 042, FB/USCH
550 West Fort Street

Washington, Spokane 99201-1075
West 920 Riverside Avenue

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